

PUBLIC DISCLOSURE

JUNE 3, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CENTURY BANK AND TRUST COMPANY

400 MYSTIC AVENUE
MEDFORD, MA 02155

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **CENTURY BANK AND TRUST** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **JUNE 3, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory "

Century Bank was evaluated under the CRA Large Institution Examination Procedures, which consider an institution's performance under the Lending Test, the Investment Test and the Service Test. Evaluation of performance under each of these tests is provided below.

Century Bank's Lending performance was determined to be Satisfactory. The bank's level of lending within its assessment area is considered to be adequate. Century Bank's primary lending focus is commercial in nature. The bank originated an adequate level of small business loans within its assessment area or 67.8 percent of all loans originated.

Century Bank's geographic distribution of small business loans demonstrates a willingness to serve the credit needs of low and moderate-income census tracts. The bank has done a good job of providing smaller sized loans to businesses within its assessment area. Just slightly over a majority of originations were to businesses with gross annual revenues of less than \$1 million.

The bank's level of HMDA-reportable lending is deemed adequate, based upon evaluation of the various performance criteria. While the level of activity within the assessment area is low, the percentage of originations in low and moderate-income census tracts and to low and moderate-income borrowers is considered satisfactory.

Century Bank's level of community development lending is considered adequate for an institution of its size and has improved since prior evaluations. The level and use of innovative and flexible products is good.

Century Bank's investment performance was deemed to be Satisfactory. The bank's level of qualified investments is adequate and improved from the prior evaluation, based upon the commitments made and fulfilled during the time period covered by this examination.

Finally, Century Bank has displayed an adequate level of services and is considered to have achieved a satisfactory performance in this category as well. The bank's services include community development services, which are provided by bank personnel who lend their technical expertise, experience and judgment, to several community organizations. This level of participation enhances the bank's opportunity to assess and meet the changing needs of its assessment area

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **Century Bank and Trust, Medford, Massachusetts**, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Century Bank and Trust			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Satisfactory	X	X	X
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Century Bank and Trust Company (Century Bank) is a state-chartered commercial bank headquartered in Medford, Massachusetts. The bank has 18 full service branch offices including the main office. These branch offices are located in the following municipalities: Beverly; Braintree; Brookline; Burlington; Cambridge; Everett; Lynn; Malden; Medford (2); Newton; Peabody; Quincy; Salem; Somerville; and three Boston localities including Allston, the North End, and the Financial District. Of the 18 branch offices, three are located in a low-income tracts, four are located in moderate-income census tracts, six are located in middle-income census tracts, and five are located in upper-income census tracts.

As of March 31, 2002, the bank had total assets of \$1.2 billion. Total loans, as of this date, were \$467.7 million. The ratio of total loans-to-assets was 38.3 percent. Century Bank is primarily a commercial lender. Loans secured by commercial real estate and commercial and industrial loans account for \$255.4 million or 54.6 percent of the total loan portfolio. Loans secured by 1-4 family residential properties account for \$123.4 million or 26.4 percent of the loan portfolio. Since the last examination, the composition of the bank's loan portfolio has shifted slightly with the most noticeable increase occurring in construction /land development loans and a decrease in consumer loans. Refer to the following table for additional information.

Loan Distribution as of March 31, 2002		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by real estate:		
Construction and Land Development	37,315	8.0
Secured by farmland	154	0.0
1-4 Family Residential Properties	123,411	26.4
Multi Family (5 or more) Residential Properties	46,449	9.9
Nonfarm Nonresidential Properties	203,702	43.6
Commercial and Industrial Loans	51,665	11.0
Consumer Loans	4,943	1.1
Other	371	0.1
Less: Unearned Income	-326	-0.1
Total	467,684	100.0

Source: Report of Condition

An analysis of Century Bank's loan-to-asset ratio was conducted. The bank's FFIEC Call Report data were utilized to determine the average loan-to-asset ratio for the last eight quarters, beginning June 30, 2000, and ending March 31, 2002. The data indicated that the average net loan-to-asset ratio for that period was 40.9 percent. The average net loan-to-deposit ratio for the same period was 55.2 percent. During the last eight quarters the bank's assets have increased by \$273,128,000 or 28.8 percent. However, the dollar volume of net loans increased by only 5 percent. This is considerably less than overall

asset growth and resulted in a reduction of the bank's loan to asset ratio, which decreased by 8.5 percent during this time period.

The following table provides a comparison of Century Bank's net loan to asset ratio with that of other area banks for the period ending March 31, 2002.

Net Loan-to-Asset Ratios as of March 31, 2002		
Bank	Asset Size (000s)	% LTA
Northern Bank and Trust	\$279,951	71.6
Wainwright Bank and Trust	\$488,698	66.6
Enterprise Bank and Trust	\$640,089	59.2
Century Bank and Trust	\$1,221,940	37.7
MassBank	\$989,821	34.6

An analysis of the bank's net loan to deposit ratio indicated that for the period reviewed deposit growth outpaced loan growth. Total deposits increased during the same period by \$220,657,000 or 32.4 percent. The more rapid growth in deposits resulted in a decline in the net loan to deposit ratio. As of March 31, 2002, the net loan to deposit ratio stood at 51 percent, a decrease of 13.3 percent during the review period.

In the CRA examination conducted by the Commonwealth of Massachusetts on July 10, 2000, Century Bank received a rating of "Satisfactory". The Federal Deposit Insurance Corporation (FDIC) examined the bank for compliance with the Community Reinvestment Act (CRA) on July 21, 1999. The bank received a rating of "Satisfactory" at that time. Both examinations utilized the Large Institution CRA Examination Procedures. The performance rating at this examination is based upon the bank's lending for calendar years 2000 and 2001 and first quarter 2002. HMDA data for calendar year 2000 is presented along with aggregate data. Comparisons were also made to 1990 census data for owner-occupied households as well as all households. Greater weight was placed on the bank's performance in small business lending versus residential lending due to the bank's focus on commercial lending.

There are no apparent financial or legal impediments that would limit the bank's ability to help meet credit needs within the assessment area. Based upon Century Bank's financial condition, size, product offerings, and branch network, the bank's ability to meet community credit needs is considered to be strong.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

The bank redefined its assessment area in 2001. Previously, the bank had three assessment areas, the Northeast Region, the Greater Boston Region, and the Southeast Region. The major change was in the Boston neighborhood of Dorchester, which was reconfigured to encompass only the Neponset and North Dorchester sections. The bank added the Boston neighborhoods of the West End, the South End/Chinatown and parts of South Boston. These neighborhoods were included in order to make the Greater Boston Region a contiguous area. The Town of Brookline was also added as a result of a branch opening there in 2001. Currently, the configuration of the assessment area is based on Century Bank's 18 full-service branch offices and the communities they serve. The current assessment area forms a single contiguous area made up of the following municipalities:

<u>Boston MSA</u>	<u>Boston MSA</u>	<u>Boston MSA</u>	<u>Lawrence MSA</u>	<u>Lowell MSA</u>
Arlington	Cambridge	Quincy	Andover	Billerica
Beverly	Chelsea	Randolph	North Andover	Tewksbury
Boston:	Danvers	Reading		
Allston/Brighton	Everett	Revere		
Back Bay	Hingham	Salem		
Charlestown	Lynn	Saugus		
Downtown/North End	Lynnfield	Somerville		
East Boston	Malden	Stoneham		
Neponset (part)	Marblehead	Swampscott		
Roxbury (part)/	Medford	Wakefield		
North Dorchester	Melrose	Watertown		
South Boston (part)	Middleton	Weymouth		
South End/Chinatown	Milton	Wilmington		
West End	Nahant	Winchester		
Burlington	Newton	Winthrop		
Braintree	North Reading	Woburn		
Brookline	Peabody			

According to 1990 U. S. Census data, the 2001 assessment area has a total population of 1,866,995 residing in communities ranging from Boston's urban neighborhoods to the suburban communities in Middlesex, Essex, Norfolk and Plymouth Counties. The assessment areas appear to meet all of the requirements of the Community Reinvestment Act regulation and does not arbitrarily exclude low or moderate-income areas.

The 2001 assessment area contains a total of 771,196 housing units. Less than half (370,403 or 48.0 percent) of these units are owner-occupied, 46.1 percent are renter-occupied, and the remainder are vacant. Of the vacant housing units, a small portion (0.2 percent) are boarded-up. The majority of the units (58.1 percent) were built prior to 1950.

The following tables show the housing characteristics among the various census tract income levels for the 2000 and 2001 assessment areas.

2000 Assessment Area 389 Tracts							
Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	7.7	4.3	4.7	1.2	7.7	10.5	\$142,477
Moderate	27.8	25.1	25.7	15.4	35.8	35.2	\$159,193
Middle	46.3	53.3	52.6	59.1	47.0	40.9	\$184,207
Upper	17.0	17.3	17.0	24.3	9.6	13.4	\$301,801
NA	1.2	0.0	0.0	0.0	0.0	0.0	\$0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	\$191,214

Source: U.S. Census

2001 Assessment Area 411 Tracts							
Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	8.0	4.9	5.3	1.3	8.7	11.5	\$130,953
Moderate	26.8	24.0	24.6	14.9	33.6	33.1	\$164,787
Middle	45.0	51.3	50.6	57.6	44.7	38.7	\$187,429
Upper	19.0	19.8	19.6	26.2	13.1	16.7	\$308,525
NA	1.2	0.0	0.0	0.0	0.0	0.0	\$0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	\$200,712

Source: U.S. Census

Housing demographics show that the low-income census tracts have a very low number of housing units. The moderate-income census tracts have a lower percentage of owner-occupied units compared to the middle- and upper-income tracts. The majority of the bank's assessment area is made up of middle-income and moderate-income census tracts.

The 2001 assessment area has a total of 724,950 households. Of these, 26.3 percent are low income; 15.9 percent are moderate income; 19.5 percent are middle income; and 38.3 percent are upper-income. In addition, 9.9 percent of all the households in the assessment area are below the poverty level. The Housing and Urban Development (HUD) adjusted median family income for the Boston MSA was \$66,500 for 2000, \$70,000 for 2001, and \$74,200 for 2002. The adjusted median family income for the Lawrence MSA was \$60,800 for 2000, \$64,100 for 2001, and \$67,400 for 2002. The adjusted median family

income for the Lowell MSA was \$64,900 for 2000, \$70,200 for 2001, and \$75,200 for 2002.

Census tracts are also classified according to income. The assessment area contains a total of 411 census tracts. Low-income tracts number 33 and represent 8.0 percent of all tracts, moderate-income tracts number 110 tracts or 26.8 percent, middle-income tracts number 185 or 45.0 percent, upper-income tracts number 78 or 19.0 percent, and 5 tracts or 1.2 percent are designated NA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

Data regarding Century Bank's small business and residential mortgage lending were reviewed to determine the concentration of loans originated within the assessment area. The performance criteria are measured using originated business loans and residential real estate loans. CRA lending data regarding small business lending were obtained from loan origination information provided by the bank under a format specified by CRA regulations. Lending data were obtained from the bank's Loan Application Registers (LAR) filed under the provisions of the Home Mortgage Disclosure Act (HMDA). For comparison, the 2000 aggregate information was used. However, 2000, 2001 and first quarter 2002 figures were considered for rating purposes.

I. Lending Activity

Small Business Loans

The bank originated 470 small business loans for a total dollar amount of \$97,799,000. Of the total small business loans, 71.5 percent of the total number and 67.8 percent of the

dollar volume were originated within the assessment area. Refer to the following table for more detailed information.

<i>Distribution of Small Business Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2000</i>	166	69.7	29,547	64.2	72	30.3	16,448	35.8
<i>2001</i>	141	73.8	30,197	69.8	50	26.2	13,050	30.2
<i>2002*</i>	29	70.7	6,579	76.9	12	29.3	1,978	23.1
<i>Total</i>	<i>336</i>	<i>71.5</i>	<i>66,323</i>	<i>67.8</i>	<i>134</i>	<i>28.5</i>	<i>31,476</i>	<i>32.2</i>

Source: CRA Data Collection *First Quarter 2002

As reflected in the above table, the bank experienced a decrease in small business loan originations from 2000 to 2001. Management indicated that the decrease in activity was a result of restructuring within its commercial lending area as well as its effort to enhance the asset quality of its commercial loan portfolio. Management also indicated that the economic downturn experienced during 2001 coupled with high level of competition had an adverse impact on the volume of originations. Year-to-date 2002 figures reflect an increase in volume over the same period activity levels in 2001. Management attributes this increase to the success of its restructuring efforts.

HMDA Loans

From January 1, 2000, through March 31, 2002, the bank originated 328 HMDA-reportable loans totaling \$94,189,000. As the following table indicates, a substantial majority of home mortgage loans were originated within the assessment area. Of the total HMDA loans originated during this period, 244 or 74.4 percent by number and 67.9 percent by dollar volume, were granted within the bank's assessment area. Although both the number and dollar volume of the bank's loans are considered, the number of originated loans is weighed more heavily than the dollar volume.

<i>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</i>								
<i>Year</i>	<i>Inside</i>				<i>Outside</i>			
	<i>Number of Loans</i>		<i>Dollar in Loans (000s)</i>		<i>Number of Loans</i>		<i>Dollars in Loans (000s)</i>	
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>2000</i>	87	75.0	21,706	58.1	29	25.0	15,642	41.9

2001	126	72.8	35,308	73.8	47	27.2	12,533	26.2
2002*	31	79.5	6,956	77.3	8	20.5	2,044	22.7
Total	244	74.4	63,970	67.9	84	25.6	30,219	32.1

Source: HMDA LAR, Cra Wiz

Of the 555 lenders that originated and purchased HMDA-reportable loans within the assessment area in 2000, the bank ranked 126th in market share with 0.14 percent of the market. The top positions were held by Sovereign Bank with the largest market share of 6.75 percent, followed by Fleet National Bank with a market share of 6.52 percent. Century Bank does not report its equity loans or equity lines of credit. The home equity lending data cannot be segregated from the other mortgage lending data. Therefore, the aggregate totals may include the optional equity loan reporting by some lenders.

As indicated above, there was a substantial increase in mortgage originations in 2001, compared to 2000. Management attributes this to the significant drop in interest rates over that time period that resulted in a high demand for refinanced loans. HMDA data for Century Bank shows that there were 41 refinanced loans in 2000 and 115 during 2001, verifying management's assessment.

Century Bank's lending activity, relating to small business and HMDA-reportable loans, reflects a good level of responsiveness in assisting to meet the credit needs within its assessment area.

II. Geographic Distribution

The bank's penetration of census tracts of different income levels is considered adequate.

HMDA-reportable loans originated by the bank were analyzed to determine the extent of loan penetration within the assessment area's low- and moderate-income geographies. For this evaluation period, the bank has made at least one loan in most of the area's census tracts.

Small Business Loans

The penetration of small business loans within census tracts of different income levels is considered good. The following table indicates the distribution of the bank's small business loans originated within the assessment area by number of loans. For comparison purposes, the following table also includes a breakdown by percentage of the 78,330 businesses that operated within the four census tract categories in 2000 and the 91,263 businesses that operated within the four census tract categories in 2001.

<i>Distribution of Small Business Loans by Income Category of the Census Tract</i>										
<i>Census Tract Income Level</i>	<i>2000 Assessment Area</i>			<i>2001 Assessment Area</i>			<i>2002*</i>		<i>Total</i>	
	<i>% of Total # of Small Businesses</i>	<i>#</i>	<i>%</i>	<i>% of Total # of Small Businesses</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i>Low</i>	9.4	10	6.0	9.4	12	8.5	1	3.5	23	6.8
<i>Moderate</i>	18.0	43	25.9	17.1	37	26.2	8	27.6	88	26.2
<i>Middle</i>	47.7	80	48.2	45.5	61	43.3	17	58.6	158	47.0
<i>Upper</i>	24.9	33	19.9	28.0	31	22.0	3	10.3	67	20.0
<i>Total</i>	100.0	166	100.0	100.0	141	100.0	29	100.0	336	100.0

Source: CRA data collection, CRA Aggregate Lending Data *First Quarter 2002

The major portion of the local business and development is located within the assessment area's middle-income geographies. The geographic distribution of the bank's small business loans among census tracts of different income levels is similar to the business development within the assessment area, especially within the middle-income census tracts. Small business lending within low- and moderate-income tracts represented 33.0 percent of the bank's total small business loans for the review period. Proportionately the bank's lending to small businesses within low- and moderate-income census tracts is considerably higher than the number of businesses operating within these tracts. This distribution reflects well on bank's efforts to penetrate those areas.

HMDA LOANS

The HMDA-reportable loans located within the bank's assessment area were analyzed to determine their location by census tract income level and the extent that low- and moderate-income geographies are being served.

The following table provides a breakdown, by number and percentage, of Century Bank's HMDA-reportable loans within its assessment area according to census tract income level.

The table also compares the bank's performance with the percentage total of owner-occupied housing units within the assessment area for each of the census tract income categories as well as aggregate lending data for the most recent year available, 2000.

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>											
Census Tract Income Level	2000 Assessment Area				2001 Assessment Area			2002*		Total Bank	
	Aggregate Lending Data (% of #)	% Total Owner-Occupied Housing Units	Bank		% Total Owner-Occupied Housing Units	Bank		Bank		#	%
			#	%		#	%	#	%		
<i>Low</i>	3.0	1.2	0	0.0	1.3	2	1.6	0	0.0	2	0.8
<i>Moderate</i>	22.1	15.4	22	25.3	14.9	37	29.3	8	25.8	67	27.5
<i>Middle</i>	54.8	59.1	49	56.3	57.6	65	51.6	12	38.7	126	51.6
<i>Upper</i>	20.1	24.3	16	18.4	26.2	22	17.5	11	35.5	49	20.1
<i>NA</i>	0.0	0.0	0	0.0	0.0	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	87	100.0	100.0	126	100.0	31	100.0	244	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data *First Quarter 2002

As indicated above, the bank did not originate any loans in low-income census tracts in 2000, two in 2001 and none again year-to-date 2002. This level of activity appears low in comparison to aggregate performance which slightly exceeded the bank's performance levels. It is important to note that demographic information regarding low-income census tracts indicates that only 1.2 percent of total housing units is owner-occupied. This low percentage would limit home purchase and refinance lending opportunities. However, while low, aggregate data indicates that lending opportunities within these geographies do exist.

Management indicated that the lack of penetration in low-income areas is due to several factors. Primarily, reasons include competition, lack of affordable housing stock and the absence of a 30-year fixed rate mortgage product. Management has increased its outreach efforts through direct mailing into these areas promoting its First Time Home Buyer Programs and open house seminars.

The bank's performance in moderate-income census tracts slightly exceeds the aggregate and appears to be in line with the total percentage of owner occupied housing units. The bank's performance level of originating loans in moderate-income census tracts appears very consistent throughout the time period of this evaluation with the percentage of originations in the mid- to high twenties.

Considering the demographic and market data of the assessment area, Century Bank's penetration of HMDA reportable loans within census tracts of different income levels is considered adequate.

III. Borrower Characteristics

This performance criterion analyzes the bank's performance in lending to businesses of different sizes and borrowers of different income levels. Based upon the level of lending

activity for both small business loans and borrowers, the bank's overall performance within this criterion is considered adequate.

Small Business Loans

The bank's small business data indicated that the majority of small business loans originated during the period reviewed were granted to businesses with gross annual revenues of less than \$1 million. As indicated in the table below, approximately 54 percent of the small business loans originated in 2000 were to businesses with gross annual revenues of less than \$1 million. This percentage declined to just under 50 percent in 2001. It is noted that the percentage of loans to businesses with revenues of \$1 million or less increased substantially during first quarter 2002. However, the impact is not considered significant due to the relatively small number of loans involved. It is also important to note that these levels of originations are significantly less than the previous evaluation period level of approximately 64 percent. Additionally, the amount of small business loans by dollar amount indicates that 59.0 percent of the dollars have gone to businesses with revenues of more than \$1,000,000. The following tables depict the institution's performance relating to the distribution of small business loans by number and dollar amount, based upon gross annual revenues of the businesses.

<i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i>								
<i>Gross Annual Revenues (000s)</i>	<i>2000</i>		<i>2001</i>		<i>2002*</i>		<i>Total</i>	
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
<i><= \$1,000</i>	89	53.6	70	49.6	20	69.0	179	53.3
<i>> \$1,000</i>	77	46.4	71	50.4	9	31.0	157	46.7
Total	166	100.0	141	100.0	29	100.0	336	100.0

Source: CRA Data Collection *First Quarter 2002

<i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i>								
<i>Gross Annual Revenues (000s)</i>	<i>2000</i>		<i>2001</i>		<i>2002*</i>		<i>Total</i>	
	<i>\$(000)</i>	<i>%</i>	<i>\$(000)</i>	<i>%</i>	<i>\$(000)</i>	<i>%</i>	<i>\$(000)</i>	<i>%</i>
<i><= \$1,000</i>	11,529	39.0	11,495	38.1	4,184	63.6	27,208	41.0
<i>> \$1,000</i>	18,019	61.0	18,702	61.9	2,395	36.4	39,116	59.0
Total	29,548	100.0	30,197	100.0	6,579	100.0	66,323	100.0

Source: CRA Data Collection *First Quarter 2002

The distribution of small business loans by loan size was also analyzed. There is generally a correlation between the size of the loan and the size of the business seeking credit. Century Bank originated the vast majority of small business loans in the amount of \$250,000 or less, with 54.5 percent in amounts under \$100,000. This analysis, along with the gross annual revenue analysis, would indicate that Century Bank serves mostly smaller to medium size businesses from a level of 59.1 percent in 2001 to 44.8 percent year-to-date 2002; simultaneously it indicates an upward trend for loans in the \$100,000 to

\$250,000 range from 17.5 percent in 2000 to 24.1 percent in 2002. These patterns reflect the bank's commitment to serving the credit needs of smaller businesses within the assessment area.

Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	2000		2001		2002		Total	
	#	%	#	%	#	%	#	%
< \$100	98	59.0	72	51.1	13	44.8	183	54.5
\$100 - \$250	29	17.5	26	18.4	7	24.1	62	18.5
> \$250 - \$1,000	39	23.5	43	30.5	9	31.1	91	27.0
Total	166	100.0	141	100.0	29	100.0	336	100.0

Source: CRA Data Collection

HMDA Loans

The bank's residential loans were analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family income for the Boston, Lawrence or Lowell Metropolitan Statistical Area (MSA), depending on the location of the property. These income figures are based on estimated Department of Housing and Urban Development (HUD) information.

The distribution of loans reflects an adequate penetration among borrowers of different income levels. For comparison purposes, the distribution of the assessment area's households by borrower income level and 2000 aggregate data is indicated in the following table.

Distribution of HMDA Loans by Borrower Income											
Median Family Income Level	2000 Assessment Area				2001 Assessment Area			2002*		Total Bank	
	Aggregate Lending Data (% of #)	% Total House-holds	Bank		% Total House-holds	Bank		Bank			
			#	%		#	%	#	%	#	%
Low	4.7	25.8	1	1.2	26.1	3	2.4	3	9.7	7	2.9
Moderate	15.2	16.4	17	19.5	16.5	17	13.5	4	12.9	38	15.6
Middle	23.0	19.8	27	31.0	19.5	36	28.6	7	22.6	70	28.7
Upper	35.3	38.0	28	32.2	37.9	58	46.0	17	54.8	103	42.2
NA	21.8	0.0	14	16.1	0.0	12	9.5	0	0.0	26	10.6
Total	100.0	100.0	87	100.0	100.0	126	100.0	31	100.0	244	100.0

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

Similar to the pattern of lending based on the geographic distribution, the bank's lending to borrowers of different income levels can be compared to the percent of total households and to the lending activity of all other HMDA-reportable lenders. Of the 555 lenders that originated HMDA-reportable loans in the assessment area in 2000, Century Bank was ranked 101st with a market share of 0.18 percent to moderate-income borrowers and 193rd with a market share of 0.03 percent to low-income borrowers. Fleet National Bank held the

largest market share in loans to low-income borrowers and moderate-income borrowers with 8.54 percent and 7.77 percent, respectively.

Lending to low- and moderate-income borrowers appears to have fluctuated. As indicated above, the bank's performance in lending to low-income borrowers appears to be trending upward, yet overall still below aggregate market levels. Moderate-income borrower lending appears to be trending downward. The percentage of originations to moderate-income borrowers exceeded aggregate market performance levels in 2000 as well as the percentage of total households, however there is a significant decline in the bank's performance for 2001 and year-to-date 2002.

The low level of originations to low- income borrowers and the decline in percentage of originations to moderate-income borrowers may be attributed to the demographics of the area as well as the current area real estate market. Demographic data of the assessment area indicates that approximately 26 percent of the households are considered low-income. Additionally, 9.6 percent of the households, or over one-third of the low-income households have incomes below the poverty level. The low level of lending by the aggregate to low-income borrowers when compared to the percentage of total households would indicate a lack of affordable housing. Housing costs in the bank's assessment area have been escalating at rapid rates over the past few years reducing the number of affordable residential properties. Thus the likelihood of many of the low-income households being able to purchase a home has been significantly reduced.

IV. Community Development Lending

As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies.

Century Bank has exhibited a good level of lending under the community development criterion.. During the review period, the bank originated 9 community development loans, for a total dollar amount of \$13,075,000. This level of community development lending represents a significant increase from previous evaluation levels.

The community development loans were originated to four different entities representing the creation of affordable housing, expansion of existing businesses, job retention and providing social service and health care services to low and moderate areas.

The following are summaries of qualifying community development loans.

- The bank provided financing for four loans originated in 2000 and 2001, totaling \$2,375,000, for the acquisition and construction of a 32 lot single family unit subdivision

in Tewksbury, MA. The developer was building the subdivision under a comprehensive permit process that requires 25 percent of the units be set aside for low- and moderate-income families as defined by HUD guidelines. Eight units were sold at below market prices to income eligible buyers thereby creating eight units of affordable housing in the Town of Tewksbury.

- The bank provided funding for two loans totaling \$5 million in 2001 to a Lynn, MA based business. The first loan for \$2 million was for the purpose of acquiring a new line of equipment to adjust to changing markets. The business was contemplating shutting down a portion of its operation and moving out of the New England region. This loan provided the necessary funding for the equipment which resulted in retaining at least 10 jobs at the Lynn based plant. The second loan was a renewal of a \$3 million line of credit that supports account receivables and inventory. Non-renewal would have resulted in the loss of 10 to 15 jobs. The business is located in a low/moderate-income area.
- Two loans totaling \$5.2 million was provided to a non-profit organization that provides healthcare, job training, educational training and housing assistance in the City of Boston to low- and moderate-income families. The bank utilized the Federal Home Loan Bank Community Development Advance Program, which enables the institution and borrowing entity to secure funding at reduced costs because of its community development purpose.
- In 2002, the bank provided a \$500,000 demand loan to a non-denominational church for the purpose of demolition and pre-construction site preparation of a 29,295 square foot lot. The proposed convenience strip center is located in and will assist in the revitalization and stabilization of a low/moderate area in the City of Boston. Project implementation is to be coordinated by the city's Department of Neighborhood Development Office of Business Development. The project will assist in cleaning up a blighted area.

V. Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

Century Bank demonstrates an established record of utilizing innovative and flexible lending practices to address the credit needs of low- and moderate-income borrowers and small business customers. Management has sought out opportunities within its assessment area to meet specific borrower needs and to assist small businesses with

obtaining financing at modified terms through the use of various loan programs and vehicles, and in concert with other outside organizations.

The bank has participated in and utilized two additional programs since the previous evaluation; the Federal Home Loan Bank (FHLB) Community Development Advance and the City of Everett First Time- and Second Time- Home Buyer Program (both are summarized below).

In total, Century Bank originated 47 loans under the innovative and flexible lending programs offered, totaling approximately \$13.9 million.

The following information summarizes qualified program offerings.

Commercial Lending Programs

Federal Home Loan Bank (FHLB) Community Development Advance

The FHLB offers reduced funding costs to member banks that apply under this program. To qualify for the lower rate advance, a defined community development purpose must be met. The funds must be utilized for commercial, industrial and/or manufacturing initiatives; social service initiatives, public facility initiatives and infrastructure projects. To qualify for the advance, one of the following FHLB criteria must be met:

- Creates or retains jobs for income eligible workers
- Benefits income eligible families
- Qualifies as a small business loan
- Located in an income eligible neighborhood, Empowerment Zone, Enterprise Zone, or other designated areas

The bank was successful in securing funding in two instances. In December 2001 Century Bank and Trust was successful in applying for and received a \$6.5 million Community Development Advance to be used by a trucking, warehouse facility in Chelsea, MA. The eligibility criteria for this advance was that 34 permanent jobs were created and retained for income-eligible workers and the location of the business was income-eligible as prescribed by HUD guidelines. Additionally, in May 2002 the bank was approved for a \$4.0 million Community Development Advance to be used by a community health organization for health and community care, job training, education and placement, and behavioral health. The initiative benefits income-eligible families and income-eligible neighborhoods as prescribed by HUD.

Small Business Administration (SBA)

Century Bank participates in the SBA Low Doc, 7(a) and 504 programs. The Low Doc program provides up to a 90 percent guarantee of qualified loans. The only documentation required is a one-page application, which is processed in as little as two days. The program focuses primarily on a borrower's character, credit and business experience.

The 7(a) Guaranteed Loan Program is a unique program that provides start-up costs to new small businesses. Under this loan program, the bank funds the entire loan with a guarantee from the SBA. The maximum guarantee percentage (75% to 90%) varies, depending on the use of the loan proceeds.

The 504 Program provides for direct financing by the SBA of a portion of small business loans. The general loan structure involves 10 percent participation by the small business, 40 percent participation by a community development corporation and 50 percent participation by the bank.

The bank financed 5 SBA loans totaling \$1,160,898 during the time period reviewed. Originations were made under the Low Doc and 7 (a) Programs. No loans were originated under the 504 Program.

Quincy 2000 Small Business Loan Pool

This program, which was established in 1994, was formed to promote economic development by providing non-traditional bank financing to small businesses located in Quincy. The loan pool provides financial resources to start, expand, or improve area businesses. Century Bank is one of 11 banks participating in the loan pool and has committed \$200,000. Since inception, the loan pool has advanced \$2,077,500 in funding to various businesses. Century bank's portion of the advances amounts to \$188,892, of which \$17,545 was advanced during the current evaluation period.

Residential Lending Programs

Century Bank offers a variety of residential mortgage loan products including both fixed- and adjustable- rate mortgages with various term lengths and rate adjustment periods. During the time period covered by this examination, Century Bank has not offered 30-year fixed rate mortgages. The bank is currently in the process of implementing a 30-year fixed rate product that will be sold in the secondary market. Management anticipates this product will be available in the latter half of 2002.

In addition, the bank offers several federal, state, and local government loan programs and other products specially targeted towards low- and moderate- income borrowers which offer low downpayment options, reduced interest rates and closing costs, and repayment concessions. A summary of some of the innovative and flexible residential mortgage programs offered by Century Bank is detailed below.

Century Bank First Time Homebuyer Program

The bank's in-house first time homebuyer program is designed for those applicants who have demonstrated that they are a good credit risk, but would not qualify for a mortgage

using traditional underwriting criteria. The program features an adjustable rate product at below market rates, low down payments and reduced closing costs. In addition, the program offers flexible housing to income and debt to income ratios. The bank originated 27 loans totaling approximately \$4 million.

Malden Redevelopment Authority (MRA) Program: First- and Second-Time Homebuyer

This program is available to first- and second-time homebuyers and City of Malden employees who purchase a one-to-three family home in Malden as their residence. The program is utilized in conjunction with the HUD HOME program. Maximum loan-to-value percentages for one-to-two family and three-family properties are 95 percent and 90 percent, respectively. The interest rate is fixed for the first five years at a below market rate and is then adjusted annually with annual and lifetime caps in place. Flexible qualifying ratios are offered as well as reduced closing costs. To be eligible for the program borrowers can earn up to a combined family income of \$65,000 annually plus \$1,500 per dependant. The bank originated 11 loans totaling approximately \$2 million.

Everett First Time Home Buyer Program

This 5/1 ARM program was introduced in 2001 and allows first time homebuyers throughout Everett the ability to purchase homes with reduced closing costs. This program is modeled after the Malden Redevelopment Authority Program. Century Bank committed \$2,000,000 to this program and participates with four other banks. Loan originations are handled on a rotating basis. Century Bank originated one loan totaling \$246,600.

Other Consumer Loans

The bank also offers two other loan products at below market rates. The Preferred Tuition Assistance Payment Program is a ten-month loan available to individuals unable to participate in government sponsored school tuition loan programs. The Bank for Kids and Educator Enrollment program offers term loans for the purchase of computers. No loans were granted under these programs for the time period covered.

VI. Fair Lending Policies and Practices

Century Bank's fair lending information was reviewed to determine how it related to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

The bank maintains a fair lending policy aimed at preventing illegal discrimination. The bank provides employees with training on the Equal Credit Opportunity Act. Century Bank's marketing efforts are conducted primarily through local radio, cable, and

newspaper advertisements that reach the entire assessment area. In addition, members of the bank are actively involved in the community which helps them to determine the credit needs of the assessment area.

The bank offers different types of flexible products that are effective in providing credit to those whose would not qualify under conventional lending standards. Please refer to Section V. "Innovative or Flexible Lending Practices" under the lending test for a list of flexible products. Additionally, the bank has participated in several educational seminars that are detailed in the service test section of this report.

Century Bank has a second review system in place for all declined loan applications. The bank has internal control procedures to monitor and ensure the validity of HMDA data that is collected and reported.

Century Bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. The bank has a staff of 401 employees of whom 55 are minorities. In addition, the bank employs numerous individuals who speak different foreign languages.

Minority Application Flow

The loan application registers for 2000, 2001, and first quarter 2002 were reviewed to determine if the application flow from within the bank's assessment area was reflective of the area's racial composition. According to 1990 Census Data, the assessment area's racial composition is 14.5 percent minority and 85.15 percent white. Of the total HMDA reportable applications received from within the bank's assessment area, 84.4 percent were from white applicants, 8.7 percent were from minority applicants, and the remaining 6.9 percent were designated as NA. Assuming that some of the N/A's represented minority applications, the bank's minority application flow appears reasonable in this context.

Additionally, it is noted that of the total applications received from minority applicants, 60 percent were originated.

Century Bank's minority application flow in 2000 was also compared to all other HMDA-reporting lenders accepting applications from within the bank's assessment area. As indicated in the following table, the bank's minority application flow was similar to that of the aggregate. Also, the percent of originated minority applications for calendar year 2000 was comparable to the aggregate figures. Refer to the following table.

MINORITY APPLICATION FLOW										
Race	Aggregate Data 2000*		Bank 2000		Bank 2001		Bank 2002**		Bank Total	
	#	%	#	%	#	%	#	%	#	%
<i>Native American</i>	203	0.2	1	1.0	0	0.0	0	0.0	1	0.3
<i>Asian</i>	2,998	3.2	6	5.8	4	2.8	0	0.0	10	3.5
<i>Black</i>	3,904	4.1	2	1.9	4	2.8	0	0.0	6	2.1
<i>Hispanic</i>	2,882	3.1	2	1.9	2	1.4	0	0.0	4	1.4
<i>Joint Race</i>	936	1.0	2	1.9	2	1.4	0	0.0	4	1.4
<i>Other</i>	1,131	1.2	0	0.0	0	0.0	0	0.0	0	0.0
Total Minority	12,054	12.8	13	12.5	12	8.3	0	0.0	25	8.7
<i>White</i>	49,794	52.9	82	78.8	122	84.1	39	100.0	243	84.4
<i>NA</i>	32,242	34.3	9	8.7	11	7.6	0	0.0	20	6.9
Total	94,090	100.0	104	100.0	145	100.0	39	100.0	288	100.0

*Source: PCI Services, Inc., CRA Wiz Software. **First Quarter 2002

A review of the bank's public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination.

VII. Loss of Affordable Housing

The bank's lending programs, which include community development and flexible underwriting, has assisted low- and moderate-income individuals to remain in their neighborhoods.

CONCLUSION – LENDING TEST

Century Bank has made an adequate number of HMDA-reportable loans and small business loans within its assessment area. The dispersion of loans within geographies comprising the assessment area was deemed to be adequate, as was the distribution of loans among borrowers of different income levels and to businesses of different sizes. The bank has greatly improved its level of community development lending since the last examination and has issued a good number of loans that assist organizations within its assessment area. Century Bank further offers a good number of flexible lending products and government loan programs which complement its regular lending products. Based upon the above, the bank's overall lending performance was determined to be Satisfactory.

INVESTMENT TEST

Qualified Investments

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms and activities that revitalize or stabilize low and moderate-income geographies.

Century Bank and Trust has demonstrated an adequate responsiveness to community housing and economic development needs. The majority of contributions went towards the support of non-profit organizations that assist low- and moderate-income individuals and low- and moderate-income neighborhoods, revitalize neighborhoods, and provide youth programs, health and human services, and education and training. Century Bank and Trust is rated "Satisfactory" in this area.

The bank's investment portfolio, as of March 31, 2002, totaled \$537.9 million. This total comprised approximately 44.0 percent of total assets. The investments consist primarily, of U.S. Government agency obligations, and mortgage-backed securities. Of the total investments, \$1.6 million is considered to be in qualified investments. The following summarizes the institution's qualified investments.

MB Capital Fund II, LLC

The principal purpose of this company is to provide mezzanine financing to commercial enterprises located in Massachusetts. Contributions are used for the purpose of financing Massachusetts businesses that promote economic development by supporting permanent job creation, retention and/or improvement in low- and moderate-income geographies targeted for redevelopment by Federal, state, local or tribal governments. On June 25, 2001, Century Bank made a commitment to purchase a membership interest in this fund totaling \$500,000. An initial installment of \$93,000 was made on July 9, 2001. As of May 31, 2002, the book value of this installment was \$93,000.

Access Capital Strategies Community Investment Fund

Access Capital Strategies Community Investment Fund (ACS) was established in Massachusetts in 1998 as a closed end investment company. Structured as a Business Development Company, ACS provides a secondary market for securities backed by affordable housing mortgages, affordable rental housing, commercial real estate and small business loans. Investments funds may include targeted Fannie Mae and Freddie Mac mortgage-backed securities as well as structured loan portfolios credit-enhanced by Fannie Mae, Freddie Mac, individual banks using the Federal Home Loan Bank

Community Investment Program letter of credit or other U.S. Government Agency guarantees or AAA-rated credit enhancements. The invested funds are channeled to securities backed by loans in a geographic area that includes the bank's assessment area.

The bank continues to hold an original investment of 10 shares totaling \$1,000,000. As of May 31, 2002, the book value was \$1,000,000. In September 2000, the bank made an additional investment of 5.082 shares with a par value of \$500,000. As of May 31, 2002, the book value of this investment was \$500,000.

Fannie Mae Mortgage Backed Securities

In May 2002 the bank invested \$250,000 in a \$1,458,000 FNMA CRA targeted mortgage-backed security. A pool of ten loans, all of which are to low- and moderate-income borrowers, backs this security. Three of the loans are secured by mortgages originated within the bank's assessment area, the remaining loans are all within Massachusetts. The book value as of May 31, 2002 was \$246,187.

Charitable Contributions

Between January 1, 2000, and March 31, 2002, the bank made \$176,452 in charitable contributions. Of this total, \$51,355, or approximately 29.1 percent, was made to organizations that promote economic development within low- and moderate-income communities or provide services to low- and moderate-income communities or individuals within the assessment area. For the period reviewed, qualified charitable contributions represented 0.2 percent of net income.

The following information summarizes major examples of Century Bank's grants that qualify as community development.

Association of Community Organization for Reform Now (ACORN): This non-profit community organization located in Dorchester is an advocate of and provides housing related services to low- and moderate-income individuals within the inner-city neighborhoods.

Catholic Charities: The bank's donations to this non-profit organization went toward various satellite organizations that support and benefit needy children in the Greater Boston Area.

Catholic Schools Foundation, Inc - Inner-City Scholarship Fund: Contributions to this fund are used to subsidize tuition expense for low-income inner-city children in the Boston area that attend parochial schools.

Citizens for Adequate Housing: This non-profit organization located in Peabody provides emergency and permanent housing for homeless parents and children.

Elizabeth Peabody House: This donation was used to support this non-profit organization's Campership Fund, which enables underprivileged youth in the Somerville area to attend summer camp.

The Fund for Women and Children: This fund supports programs at St. Mary's Women and Infants Center in Dorchester. This organization helps stabilize abuse victims and their families and advocates for their healthcare, education, and for permanent homes.

The Rodman Ride for Kids: The bank annual fundraiser benefits six non-profit agencies that serve at-risk and underprivileged children throughout Massachusetts. The bank sponsors a rider and 100 percent of the donation given is used to fund direct services for children.

Tenacity: This 501(c)(3) non-profit organization was established to address the need for a wide range of youth programs for inner-city and other Boston school children outside of regular school hours and summer.

Conclusion – Investment Test

The Century Bank's level of qualified community development investments and grants is adequate.

The bank's increase in activity since the last CRA report of examination conducted by the Division demonstrates the bank's efforts in addressing the local area needs through contributions and grants to local charitable and social service organizations. The bank's performance indicates that a satisfactory level of qualified grants and charitable contributions has been made during this review period.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The following describes the institution's services.

RETAIL BANKING SERVICES

Distribution of Branches

Century Bank and Trust is headquartered at 400 Mystic Avenue in Medford, which is located in a middle-income census tract. In addition, the bank operates 18 full-service offices. Of these branch offices, three are located in low-income census tracts in Boston's financial district, Lynn, and Salem; four are located in moderate-income census tracts in the Boston communities of Allston/Brighton and the North End, and the Cities of Beverly and Peabody; six are located in middle-income census tracts in the cities of Cambridge, Everett, Malden, Medford, Quincy and Somerville. The bank also operates five full-service branches located in upper-income census tracts in Boston, Braintree, Brookline, Burlington, and Newton. Hours of operation appear convenient and reasonable and compare favorably with other local financial institutions.

Record of Opening and Closing Branches

A Branch Closing/Relocation Policy is maintained by the bank and was last revised in November 1998. The responsibility of this policy lies with the bank's Management Committee, Retail Administrator, and the Marketing Director. The policy requires the Marketing Department, at the request of the Management Committee, to prepare an analysis or study of any location the Management Committee deems necessary to close or relocate a branch. The Management Committee will bring their recommendations to the Board of Directors for the final decision. Once approved by the Board, the Marketing Director or designated person will complete the application to close or relocate and submit it to the necessary regulatory authority. The bank opened three full-service branch offices since the previous CRA examination. In 2001 the bank opened two full-service branch offices. The first branch, located at 31 Boylston Street in Newton, opened on January 8, 2001. The second branch, located at 1184-1186 Boylston Street in Brookline, opened on April 24, 2001. The bank opened the third branch, located at 24 Federal Street in Boston's Financial District, on April 24, 2002.

Alternative Retail Banking Services

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the bank's assessment area. All of the full service offices offer extended hours during the week; fifteen offices are equipped with 24-hour Automated Teller Machines (ATMs) that are linked to the CIRRUS and NYCE networks. Cash dispensing ATMs are also provided at One Kendall Square, Building #100 in Cambridge and two in Boston located at Independent Wharf 470 Atlantic Avenue and at the 24 Federal Street branch office. All but six of the office locations offer drive-up window service. The Beverly, Lynn and Peabody branches also provide walk-up teller service. In addition, Century Bank is a member of the NYCE Shared Deposit Program. This program allows Century Bank customers to conduct deposit transactions at more than 250 banks' ATMs identified with the NYCE Deposit Mark that participate.

The bank is a member of the SUM network of ATMs, a surcharge-free alliance of several financial institutions administered by the NYCE network that include over 1,000 ATMs throughout Massachusetts. The bank's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo. Also, Century Bank customers can make deposit and withdrawal transactions at any Fleet Bank ATM in Massachusetts without being charged a surcharge fee.

Currently, there are 401 employees: 271 are full-time and 130 are part-time. The bank has 37 bi-lingual employees who are available to assist the non-English speaking customers and potential customers at the bank. Second languages spoken include Bosnian, Burmese, Ethiopian, French Creole, French, German, Greek, Gujarati, Hindi, Italian, Lebanese, Norwegian, Portuguese, Russian, Serbian/Croatian, Spanish, and various Chinese dialects. As a result, the bank is able to provide better service to customers of different ethnic backgrounds.

An additional convenience for bank account holders is the Century Bank MasterMoney™ ATM/Debit Card. This card performs all of the same functions as an ATM card plus in addition to being a credit card. The card allows for unlimited point-of-sale transactions and no monthly transaction fees.

The bank offers Internet banking service for individuals and business customers. Real-time features include 24-hour account access, statement viewing and retrieval, scheduled and recurring transfers or payments, loan payments, the ability to view and print account history, stop payments, on-line deluxe check reordering for personal accounts, and ACH and Wire Transfers for business customers. Online customers can also download account history into Microsoft Excel®, Microsoft Money®, or Intuit Quicken® software applications.

The bank's telephone system was recently upgraded. Callers are now offered several options to communicate with the bank. Customers are given the option to dial an extension directly or choose to use the bank's 24-hour account access through its AccountLine system. By utilizing this service, customers can access their accounts, authorize telephone withdrawals, obtain balance inquiries, and determine what checks were paid, last deposit made and interest earned on accounts.

In 2000 the bank enhanced its TeleBanking service. TeleBanking access now allows customers to open new savings, checking and CD accounts; obtain rate information on savings, checking, CDs, IRAs, Money Market accounts, consumer loans and mortgage loan products; order ATM cards; verify account information; identify checks paid against account; obtain direct deposit confirmation and account balances; re-order checks; and change address and other services.

Other Retail Services

As a participant in Massachusetts Community and Banking Council's (MCBC) Basic Banking Program, Century Bank and Trust offers low cost savings and checking accounts to all segments of its assessment area, including those with modest incomes. The basic checking account features no monthly fees, with no minimum balance requirements and four free ATM transactions per month at non-Century Bank ATMs. The Passbook/Statement savings account features no monthly fees and no minimum balance requirement to earn interest. In addition, Century Bank and Trust offers Relationship Checking accounts that will waive monthly fees on personal checking accounts if the average daily balance or an aggregate deposit relationship balance is maintained.

Customers and potential customers can obtain general bank information such as business hours of operation, branch location, deposit rates, consumer and mortgage loan rates, products and services, etc., through the bank's web site at www.century-bank.com.

Century Bank is a participant in the Interest on Lawyers Trust Account (IOLTA). The bank was designated an 'Honor Roll Bank' by the Massachusetts IOLTA Committee.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for a community development purpose, and is related to the provision of financial services. Century Bank and Trust officers and employees are involved with community organizations that address economic and affordable housing development. The bank's staff lends their technical expertise, experience, and judgment to these organizations. Century Bank and Trust's qualified community development services are detailed below.

A bank Vice President has served as a Director and/or Treasurer of the Visiting Nurses Association (VNA) of Century Massachusetts and its parent foundation for 26 years. Also, this individual was Chairman and is current Treasurer of the Lowell Street Development Corporation in Somerville. This organization is responsible for the operation of a 96-unit, low- and moderate-income assisted living facility in Somerville.

An Assistant Vice President serves on the Board of St. Mary's High School in Lynn. This individual also serves on the finance sub- committee. In this capacity, the participant has input in the budget process and tuition.

A bank branch manager is a money management volunteer for North Shore Elder Services located in Danvers. Clients are contacted bi-weekly and the volunteer assists elders in developing a budget, writing checks and balancing their checkbooks.

In 1998, Century Bank and Trust Company entered into a 3-year agreement with the Somerville Housing Authority (SHA) whereby SHA employees and tenants qualify for Century Bank's Direct Banking Program. This program offers all Somerville Housing Authority tenants and employees complete free checking and no charge, no minimum savings accounts with unlimited use of the bank's ATMs on a no-charge basis. Also, all qualified Somerville Housing Authority tenants who meet the criteria may participate in a First Time Homebuyers program whereby all closing costs are capped at below market rates.

In addition, Somerville Housing Authority employees can participate in the Bank at Work Program, which offers the following benefits:

- Bank at Work Checking
- Overdraft Protection
- Bank at Work Savings
- Bank at Work Club
- Money Orders

- American Express Travelers Cheques
- Century Bank ATM Card
- Special Discounts and Services
- Financial Planning, Retirement Packages and Brokerage Services

Although the agreement was contracted for 3 years, it has been extended and currently remains in effect.

Educational Services and Seminars

First-time Home Buyer Direct Mail /Open House Program

In June 2002 the bank's First-time HomeBuyer direct mail program was activated. The mailings are advertisements for the First-time Homebuyer Open Houses that are scheduled during the year at specific branch locations and provide pre-qualification application forms for interested borrowers.. The mailings are specific to the communities that are assigned to one of the four branch offices hosting an Open House. The Open Houses are held each Saturday morning from 9 am to noon. The target audience is individuals who have rented property for less than ten years. Each 10,000-unit mailing is targeted to low-income census tracts in 24 cities and towns within the assessment area and, when necessary, the difference will be made up of a random selection from moderate-income census tracts. Representatives of the bank's Consumer Loan Department attend each Open House and are available to answer questions and to accept applications from respondents. To remind them of the bank's interest, all pre-qualified respondents receive a follow-up letter from Century Bank if their loan application has not closed within 90 days of the pre-qualification.

Conclusion - Service Test

As depicted above, Century Bank's systems for delivering retail banking services are reasonably accessible to geographies and individuals of different income levels within its assessment area. The bank's record of opening and closing branches has not shown an adverse effect on the accessibility of its delivery systems, particularly low- and moderate-income geographies and low- and moderate-income borrowers. The bank's officers and employees have provided an adequate level of service activities and involvement in community organizations primarily for community development purposes and related to the provision of financial services. A number of the organizations that bank management and employees have taken a leadership role in promote economic development or target the revitalization of business communities. In addition, bank management and staff have sponsored and participated in educational seminars. Based upon this review Century Bank's service activities receive a rating of "Satisfactory."

APPENDIX A

SCOPE OF EXAMINATION

The bank's performance was evaluated using the Large Bank CRA examination procedures. Loans pursuant to CRA small business, Home Mortgage Disclosure Act reporting and Community Development lending were included in this review. The time period covered by this evaluation for lending activity was 2000, 2001 and year-to-date March 31, 2002. With respect to the Investment and Service Tests, analyzed data included 2000, 2001 and year-to-date May 31, 2002.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

CENTURY BANK AND TRUST

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JUNE 3, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
_____	_____
_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

